



**Work Plan 2023-2024**

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### 1. Financial Markets Regulations

#### 1.1. Securitization legislation

Securitization converts an asset, a risk, a future cash flow, into marketable securities to raise funds, creating liquidity, or transferring risk by selling the securities to external investors. It can be used in various sectors and for a range of assets and be conducive for the issuance of many types of tailored-made financial instruments.

Securitization gives the firms otherwise unable to raise capital due to their specific circumstances opportunity to raise capital using securitization. The owners of the asset (originators) may create liquidity by selling the future cash flow to a securitization SPV. As for the investors, securitization can be beneficial since they gain the opportunity to access assets that could not otherwise be accessible to them.

So far, ICS was involved in the preparation of the draft initiated by the MoESD and approved by the GoG on October 10, 2022. The draft has been submitted by the GoG to the Parliament of Georgia where the legislative process commenced. In the parliament the leading committee is the committee for Financial and Budgetary issues. The Legal Committee and Committee for Sectoral Economy and Economic Policy.

ICS continues close cooperation with the MoESD, and NBG to support the creation an enabling legal framework – Law on Securitization – for this industry to develop.

Counterparty: MoESD, NBG

## **1.2. Factoring Legislation**

Factoring is an important tool to support companies in managing the required level of liquidity and offering them the advantage of obtaining price discounts from suppliers. Factoring is conducive to improving profitability, liquidity, and cash-flow of business, management of time, credit, and default risks. There is strong evidence that the legal environment of factoring is of utmost importance for the saving of transaction cost and improvement of costs and safety determination process of factoring transactions.

To support the development of factoring products in Georgia, ICS closely works with EBRD, MoESD, MoF, MoJ and NBG. Also, industry representatives are actively involved in the working group activities. The ICS, in close coordination with EBRD and other stakeholders, initiated the feasibility study on the introduction of electronic registry of factoring transactions. EBRD selected the consultant team, KPMG Georgia Ltd, to conduct the study. Stakeholders meet monthly to discuss the *status quo* and challenges to the successful implementation of the project.

ICS will continue supporting the creation of the registration platform and adoption of the new Factoring Law. It is expected that the legislative package will be submitted to the Government and Parliament in the Spring 2023.

Counterparty: MoESD, MoF, NBG, MoJ

### **1.3. Crowdfunding**

Crowdfunding is seen as an important tool for non-banking finance development which is very shallow in Georgia. During the previous years, Georgia's Innovation & Technology Agency (GITA) has prepared a draft law with help of international experts, which has not yet been adopted and requires further work. Especially for actual implementation, crowdfunding framework needs policy dialogue and further arrangements between policymakers in regards to its regulatory framework.

Crowdfunding, especially equity crowdfunding is a security and falls within securities regulation, which is overseen by National Bank of Georgia. At the same time such mechanisms for early financing should be excluded from current stringent securities market regulatory framework, so that the legal relations in regards to crowdfunding are not seen as too costly and/or complicated for entrepreneurs trying to have better access to finance.

ICS will cooperate with NBG and MoESD in order to facilitate an inter-policy dialogue and make sure that implementation and supervision policy views are aligned between all stakeholders.

Counterparty: MoESD, NBG, GITA

### **1.4. Leasing market development**

The leasing allows private sector access to non-banking financial resources, however this type of financial intermediation is relatively underdeveloped in Georgia. It is especially useful for MSMEs and startups and has a potential to significantly contribute to economic growth in Georgia. Further development of the sector requires development of regulatory and strategic framework.

In 2021 the ICS with close cooperation with the Leasing Companies Association of Georgia initiated a feasibility study for the development of leasing market in Georgia. Through GGF funding, international experts provided analyzes of regulatory framework, best practices of the other countries and prepared road map for the development of the sector. The outcomes and recommendations have presented to the MoESD. ICS will continue working with MoESD and leasing sector representatives in order to develop leasing sector and provide respective legislative changes if needed.

Counterparty: MoESD, MoF, NBG

## **2. Reforms to improve Country's investment climate**

### **2.1. Company Law Reform**

The new Law on Entrepreneurs (LoE) envisages fundamental changes to the existing company legislation to increase the predictability of the legal framework for practitioners and judges alike. Furthermore, the draft transposes EU company law directives covered by the EU-Georgia Association Agreement into Georgian Law. The new law has been approved by the Parliament of Georgia on August 2nd, 2021. The Law became effective on January 1<sup>st</sup>, 2022.

The ICS started cooperation with USAID Economic Governance Program to create a LoE implementation monitoring platform. The initiative aims to track and analyze the implementation of the new law including registration and court practice based on the new law and pertaining secondary legislation and if necessary, advocate for modification to the new legal framework to make the LoE more business friendly.

ICS created the LoE editing Group to collect comments and remarks to the new law and as a result of weekly meetings during several months produced recommendation for improving remaining deficiencies of the law.

In cooperation with the USAID EPG ICS conducts meetings with various professional groups (public registry, judges, lawyers) to talk about possible changes to the law and eventually to prepare draft changes.

Counterparty: MoJ, MoESD

## **2.2. Framework Investment Laws**

To establish a general legal framework for investors in Georgia, there are two so-called "Framework investment laws": Law of Georgia on State Support for Investments (date of publishing:13/07/2006) and Law of Georgia on Promotion and Guarantees of Investment Activity (date of publishing: 11/12/1996). The primary goal of the Framework Investment Laws is to introduce investors to the country's legal system and the investment environment at a fundamental level. The two laws described above serve as guidelines for foreign investors interested in business activities in Georgia. They summarize key regulations that are important for investors to decide on investment activities.

The current version of both framework legislation is outdated and provides misleading information for prospective investors. Since the adoption of the aforementioned legal acts, only a number of technical changes have been made. Issues related to the aforementioned acts were raised during the IC meeting that catalyzed the work process for the amendments.

ICS has already prepared scope of work (Terms of reference) to undertake the work. The paper will be sent to stakeholders for feedback.

Counterparty: MoESD, MoJ

## **2.3. Business Disputes & Judiciary**

A well-functioning judicial system free of any undue influence has a significant bearing on the country's economic competitiveness and its attractiveness for investments. IC believes that Georgia's less than enviable position in this regard, showed, among others, by the Global Competitiveness Index should be addressed to give the country a chance to succeed in the global competition for FDI especially considering changing FDI geography due to COVID 19 pandemic.

IC intends to draw the attention of the state actors and other stakeholders to the need for reforms in the judiciary with the emphasis on the resolution of business disputes, which is, an important precondition for various other FDI-related efforts of the government to succeed.

Yet another direction of reforms should be resolving the problem of the case overload of the courts. A part of the solution might be the creation of a special procedure for resolving petty disputes and continuous support for ADR mechanisms (mediation & arbitration).

Counterparty: GoG, HCOJ

#### **2.4. Insolvency Reform**

IC has been actively involved in drafting the new Insolvency act of Georgia (Law on Rehabilitation and Collective Satisfaction of Creditors) to replace the often-criticized Law on Insolvency Proceedings of 2007. Georgian Parliament has adopted the new Law on September 18, 2020. Its provisions became fully effective from April 1, 2021.

MoJ adopted the secondary legislation necessary for the new legal framework to start working. Namely, normative acts to regulate the profession of insolvency practitioners: authorization and creation of the unified registry of insolvency practitioners as well as the electronic system for a random assignment of insolvency cases to insolvency practitioners.

ICS was involved in training the first candidates to become insolvency practitioners and also participated in PPD events to analyze the first data regarding the implementation of the new insolvency law organized by the USAID Economic Governance Program (USAID EGP).

Since the introduction of the new legal regime relevant court and legal practice started developing, Business Rehabilitation and Insolvency Practitioners Association is working on draft changes to the law considering feedback form various involved parties such as judges, lawyers, companies.

ICS will cooperate with the Business Rehabilitation and Insolvency Practitioners Association (BRIPA) and USAID EGP to monitor the implementation of the new insolvency legislation and support its further improvement.

Counterparty: MoJ

#### **2.5. Revisiting Labor Law Reform**

In September 2020, the Georgian labor law underwent significant reform. The main areas that have been addressed are:

- Expansion of rights of the Labor Inspection,
- Working time, rest time, overtimes, and night work,
- The obligation of employers to recoding working time of employees,
- Labor contracts and dispute resolution mechanisms.

ICS establishment of a working group to analyze the practice of the labor legislation after the above reform and its strengths and weaknesses and to evaluate its effectiveness and possible deficiencies.

The Group identified challenges that might be creating obstacles for Georgian business organizations and can be further addressed without endangering the EU-compliance of the Georgian Labor Legislation.

IC and the Secretariat is and will be working on the following issues:

**- Obligation of having a labor safety specialist for low-risk enterprises**

For low-risk enterprises, having a labor safety specialist on a regular basis is associated with excessive and inappropriate costs. We believe that instead of having an employee or a service provider as a labor safety specialist on a regular basis, for low-risk enterprises, it might be sufficient to prepare a risk assessment document every 4-6 months, depending on the risk category of the enterprise. The issue can be resolved by amending the relevant by-law.

**- Changes to the rules for accounting the working time**

The working time registration form, which is approved by the Minister's order in 2021, provides up to 30 fields for each employee, including data that cannot be recorded (for example, remotely worked hours); The form of recording is incompatible with modern electronic systems for working time recording. Draft of relevant changes, envisaging reduction of the graphs to be filled in the reporting form, the possibility of electronic reporting, and the revocation of the requirement or reporting the hours worked remotely was submitted to the Ministry of Health for consideration;

For the most part, the issue has been addressed in the relevant decree of the Ministry of Labor, Health, and Social Affairs, that eased the regulations on recording of the employees' time (Decree 01/89 of 8 November 2022).

**- A new list of industries with a specific work regime (48 hours)**

The previously existing list of industries with a specific work regime was repealed on September 29, 2020 (Government Decree Nr.29 (2013)). A new list has not been prepared and approved to date. Even though the adoption of a new document for relevant industries is on the government's agenda, the views of the Ministry of Health and business in this regard differ.

Counterparty: MoH, MoESD

## **2.6. Public Procurement Reform**

The importance of development/improvement of the public procurement system of Georgia is recognized as one of the crucial processes in respect to overall economic development, especially in the context of the EU-Georgia Association Agreement, which includes in Title IV a dedicated Chapter 8 on public procurement, comprising Articles 141-149 and an associated Annex XVI.

Adoption of the new Law on Public Procurement of Georgia, as well as related bylaws (being part of DCFTA Implementation Action Plan), following broad discussion with business sector representatives might contribute to the development of public procurement system in Georgia. It is important to ensure further digitalization of the procedures and development of e-services e.g., ensuring acceptance of electronic signatures on bank guarantees, creating database for contractors, etc.

ICS supported the adoption of the new Law on Public Procurement prepared by the State Procurement Agency of Georgia when participating in public discussion events in the Parliament or elsewhere. The draft was approved by the GoG on August 6, 2022 and submitted to Parliament. The draft was unanimously approved by the Parliament in the first reading on December 16<sup>th</sup>, 2022.

ICS will continue monitoring the legislative process and support the final adoption of the law.

Counterparty: State Procurement Agency (LEPL), GoG, MoESD

## **2.7. Support Digitalization Process in Public Sector**

It is important to encourage relevant government agencies to increase the scope and quality of the digital services they are offering, especially in the financial sector, construction, transportation and logistics. The first relevant project that was initiated by ICS and is led and financed by EBRD, assists the Maritime Agency of Georgia to prepare a feasibility study for the development of a port community system in the Georgian ports to contribute to the full integration and digitalization of the maritime transport chain.

In 2021, ICS with close cooperation of MoF and Revenue Service (RS), initiated development of Unified Tax and Customs Platform that is a part of the Tax Dispute Reform (TDR).

In 2022, ICS initiated digitalization of issuance of construction permits for constructions of special importance.

Further development of e-governance services to maintain high positions in international rankings should also be among the priorities. Rankings provide prospective investors with up-front information on the effectiveness of government services. ICS will continue working with different government agencies and IC members to promote development of e-services as a part of the county's investment attraction strategy.

Counterparty: MoESD, MoJ, MoF

## **2.8. Reforms of the State-Owned Enterprises (SOEs)**



State Owned Enterprises' efficiency and prudent management in Georgia is important for economic and social reasons. It is also crucial to retain fiscal risks and reduce the burden on taxpayers from recurrent and large bailouts. SOEs employ more than 56,000 people in Georgia. Their financial performance needs to be improved as according to MoF, almost all 142 SOEs are loss-maker and they suffered a total loss of more than 1 billion GEL in 2020.

IC shares the IMF's idea that comprehensive reform in this area is "critical" and express readiness to support and be involved in the process. Successful implementation of the reform could lead to successful privatization of the nonstrategic Stated Owned Enterprises and consequently contributing to FDI inflow. ICS and EBRD commented SOE reform Strategy Document Prepared by the MoESD and MoF and discussed the commends and recommendation with the ministries.

ICS will remain actively involved in the discussions of the document to assure its compliance with the best international standards, especially with the OECD Guidelines on Corporate Governance of State-Owned Enterprises.

Counterparty: MoF, MoESD

## **2.9. Pension Reform**

Pension Reform envisages the management of investments and administration of the pension assets within the pension savings scheme, in accordance with the interests of the participants throughout the territory of Georgia. Contributions are envisaged to be invested in a variety of reliable financial instruments, which shall lead to: a) Decent life at the pension age; b) Poverty reduction; c) Creation of large-scale investment capital base; d) Development of the local capital market; e) Powerful stimulus to accelerate the economic growth; f) Creation of new workplaces; and g) Increased income.

The current pension scheme in place consists of the universal pension payouts system (Pillar I) and a contributory pension savings scheme (Pillar II). According to the reform plans of the Government of Georgia Pillar I and Pillar II pension schemes should be complemented by the establishment of a fully private pension scheme (Pillar III), to create further mechanisms for the provision of a decent standard of living to its elderly citizens.

The reform resonates with the commitment of the country under the EU-Georgia Association Agreement to harmonize the domestic legislation to the EU Directive (EU) 2016/2341 on the activities and supervision of institutions for occupational retirement provision (IORPs).

Since it is newly launched reform and taking into consideration the challenges posed by Covid-19 pandemic, there is a need of technical assistance, which, inter alia, covers directions concerning IT infrastructure (software / hardware) development, digitalization of the processes, capacity building and awareness raising activities in order to deliver information on the benefits of the reform to various target groups and ensure smooth and unhindered operation.

ICS intends to cooperate closely with MoESD and Pension Agency that oversees the coordination of the reform efforts of all stakeholders in supporting the reform, including by offering IC platform for the public-private dialogue.

Counterparty: MoESD, MoF, NBG, Pension Agency (LEPL)

## **2.10. Further Development of Insurance Market**

### ***Third Party Liability obligatory insurance***

The introduction of the Motor Third Party Liability obligatory insurance law is part of the directives of the Georgia-EU association agreement agenda under the association agreement Georgia committed to adopting the law in 2020.

The framework of the law has been discussed for several years and is agreed upon by all important stakeholders approved by the Government has already been submitted (in March 2020) for hearing to the Parliament as a draft law. Despite this fact, the committee hearings have not yet started.

The main benefit of the law is the improvement of Georgia's social welfare system, as the benefits will involve large parts of the population.

It's worth mentioning that Georgia is the only country in the region, where obligatory law on insurance of motor civil liability does not exist.

The law will be effective for every vehicle registered in Georgia, which means that it will involve all parts of the population, and every citizen if affected by a car accident, will benefit.

One of the positive outcomes of the law will be considerable relief of the state budget from financing health-related expenses due to bodily injury in case of car accidents.

Other direct and indirect benefits of the law will be:

- Increase of insurance industry's role in managing the social and economic risks of the country
- Increase of protection from bodily injury and/or death and property damage
- Increase of investment attractiveness of the insurance industry
- Improvement of statistics
- Improvement of investment climate and job creation

### **Other Insurance-related challenges are:**

#### ***Subordinated debt***

In most markets, tier 2 (e.g., subordinated) debt qualifies as a solvency compliant instrument (up to a limit i.e., 50% of SCR). Indeed, in Georgia, banks have this capital headroom approved already.

As subordinated debt provision exists within the Solvency 1 framework, we do not think it needs to be linked with the Solvency 2 work stream.

#### Life insurance

At the moment, all of Georgian life insurance is credit insurance – protecting the banks from non-payment of loans. To incentivise the population to buy traditional life insurance, there are two important missing elements - (i) capital markets for investment linked products (ii) tax benefits for buying life insurance. While the former is not easy to achieve quickly, there could be some efforts for incentives by introducing tax benefits for encourage people to buy life and even long-term health insurance products.

#### Health insurance

The private health system in Georgia is already ahead of many EU/CEE counterparts. Nonetheless, to our understanding, right now if a customer opts for a private insurance through the employer, they are required to forgo their state health insurance benefits.

In contrast, in many countries, the products work in a supplementary/complementary fashion, which allows for a better coverage for customers (higher limits) and/or cheaper pricing of the policy.

Counterparty: MoESD, Insurance State Supervision Service (LEPL)

### **3. Sector - Specific Working Groups**

#### **3.1. Tourism Sector**

Since the downturn in the tourism industry during the pandemic, a quick recovery has started. The recovery was stimulated by more tourists and renewed investment in the sector. In 2022, ICS organized several working meetings with representatives of the National Tourism Agency to provide recommendations on post-pandemic strategy and activities.

Post-pandemic travel has created new needs and opportunities for Georgia's tourism industry. Growing numbers of visitors increase demand for goods and services, as well as tourism infrastructure. Implementation of proper tourism policy and development of the necessary infrastructure can support the tourism development and investment in the sector. In This regards, Special Planning of various tourist destinations for FDI attraction should be stimulated.

Tourism will remain as the main driver of the Georgian economy and a major catalyst for FDI promotion in the coming years. For that matter, the IC will work closely to provide policy advice to GNTA, Spatial and Urban Development Agency and MoESD.

Counterparty: GNTA, Spatial and Urban Development Agency, MoESD

#### **3.2. Energy Sector**

Energy security of the country is one of the key issues where the Investors Council is keen to engage more actively. Matters related to the sector were discussed on several occasions during the IC meeting. Electricity market development is particularly crucial in this regard, since the demand for the electricity increases. Electricity generation via renewable sources (hydro, wind, solar) has a potential to be one of the most attractive sectors for the investors. However, number of circumstances resulted in decrease of FDI in energy sector in recent years.

The IC intends to address the problematic issues of the sector through a working group comprised of industry experts, representatives of companies and investors involved in the sector, IC members, IFIs and development partners. In order to achieve tangible results, the working group will work closely with key government agencies, most importantly the MoESD, Georgian Energy Development Fund (GEDF), Georgian Energy Exchange, GNERC, etc.

IC intends to support the reforms and obligations that Georgia took on climate change and environment which also have major implications for restructuring energy sector, especially in transition to renewable energy sources.

Counterparty: MoESD, GEDF, MoF, MEPA, GNERC

### **3.3. Construction sector**

Construction is one the largest sectors of Georgia's economy. The rapid development of the industry and its investment and employment potential, mean that it has a significant role to play in Georgia's economic development. Over the past several years, construction regulations have been tightening in line with general trend of harmonization with EU regulations. While this is undoubtedly a positive development, it is important to maintain efficiency of the procedures of issuing of construction permits and to ensure adequate quality control during construction. Regulations should be adequate and don't hinder FDI and development of the sector.

Complaints have been voiced by the representatives of the sectors regarding prolonged and nontransparent process of the permit issuance. Improvements in this direction will have a significant positive effect on development of the sector and on investor sentiment.

2022, IC formed a Construction Sector Working Group. The working group provides recommendations to stakeholder authorities on necessary reforms in the construction sector. The working group has already held several meetings during which challenges have been raised. Among the recommendations identified, ICS initiated a project to digitize the issuance of construction permits for buildings of special importance.

ICS intends to continue working process within the Working Group to provide policy recommendations on the necessary reforms in the sector.

Counterparty: MoESD, MRDI, Local Municipalities

### **3.4. Education sector development and commercialization of science and technology**

Development Education system and commercialization of the sector is crucial for FDI promotion to Georgia. According to the number of research conducted by international organizations issues with the education is a key obstacle of investment promotion to Georgia. Including report conducted by the PWC on Georgia's investment climate: Quality education and collaboration with universities is high priority for foreign investors.

Under this topic we have two main objectives:

- Support Internationalization of the educational system in Georgia – Initiate reforms to support increase of quality and scale of demand on local education system. Reforms in this direction can significantly increase number of international students in Georgia and support industry development.
- Support commercialization of products of science and technology universities in Georgia. The aim is to support investment promotion in this industry and increase awareness on their activities in private sector. ICS has already organized a working meeting with the IC members and Georgia's Innovation and Technology Agency to discuss the cooperation opportunities.

Counterparty: MoESD, Ministry of Education and Science of Georgia, MFA

### **3.5. Pharmaceutical Sector**

According to numerous studies Georgia holds competitive advantage in Pharmaceutical production and has a significant export potential. According to EY's latest report 70 Manufacturers and 1,367 Pharmaceutical Products are produced in Georgia and over 13,000 employees in the sector. Over the last 5 years, export of pharmaceuticals from Georgia has been increasing at 21 % CAGR.

In 2020-2021, IC was actively involved in the implementation of GMP standards and supported public private dialogue. In the first stage of the reform, pharmaceutical companies included in the list of state support mechanisms of Enterprise Georgia. Also, VAT refund procedures were introduced on importing machinery and equipment for the development of pharmaceutical production, and existing local producers and exporters were granted with sufficient time for the implementation of GMP standards.

Government declared that reforms will continue and will cover the sector wider. In this regards, IC emphasizes readiness to participate in working groups in order to ensure adoption of EU best practices and support successful implementation of the reform. Also, IC will continue to cooperate with Enterprise Georgia to identify potential investment opportunities in the sector.

Counterparty: MoH, MoESD, EG

### **3.6. Mining Sector**

The development of the Georgian mining sector could benefit the country's economic development and make a greater contribution to its public finances. To enhance investment in the sector, there is a need to modernize the mining legislative framework. The reform should improve sector policy and implement international best practices in Georgia.

The revision of the sectoral legislative base is the second pillar of a three-pillar development agenda committed to by the Government of Georgia. Three pillars are: (i) preparation of a policy for responsible development of the sector (completed December 2019). (ii) renewing the sector's legislative framework in accordance with the new policy. and (iii) ensuring efficient and effective implementation of policy and law through institution strengthening and capacity building for relevant responsible agencies of state.

ICS will work in close collaboration with all stakeholders, in particular with responsible state actors, to implement the reform agenda.

Counterparty: National Agency of Mineral Resources, MoESD

#### **4. Investment Promotion: Support Enterprise Georgia's "Invest in Georgia"**

Invest in Georgia undertakes activities for both attracting and supporting FDI companies in Georgia. IC is involved in provided policy advices in various directions to increase FDI flow to Georgia. The post-pandemic business environment creates new opportunities to effectively increase quality FDI in Georgia, which requires adequate policy decisions.

Promoting FDI to Georgia requires a well-defined and functioning strategy. While Enterprise Georgia has already implemented an investment attraction and facilitation strategy between 2020 - 2022, an assessment of the implementation process and a new longer-term strategy should be defined. The strategy should reflect current needs of the FDI companies and action detailed action plan.

Furthermore, support investment aftercare and presence of FDI companies in Georgia can significantly increase investment flow to Georgia. Development of Investment Aftercare project in on-going and is financed by the EBRD. The project envisages to prepare the gap analysis and deliver capacity building workshops for Enterprise Georgia (EG) staff in order to enable delivery of high quality and targeted aftercare services. In addition, additional policy decisions should be implement to support expansion of FDI companies in Georgia.

IC will continue to provide policy recommendations to increase effectiveness of FDI promotion, as well as support exiting FDI companies to expand their activities in Georgia.

Counterparty: EG, MoESD

#### **5. Gender Mainstreaming and Gender Equality Related Initiatives**

The Gender Equality Working Group (GEWG) of the Investors Council has been actively involved in contributing to the national policy making on women's economic empowerment. The ICS drafted the terms of reference (ToR) for the GEWG, which was discussed and finalized during the meeting held on February 25, 2021. The first meeting of the Gender Equality Working Group (GEWG) of the Investors Council took place on December 8, 2021, and the gender equality working group regularly meets from this date onwards, with the designated gender expert leading the working group.

The Gender Equality Working Group (GEWG) works closely with the Parliamentary Gender Equality Council (GEC) and the MOESD to gender policy making process and is has been actively involved in preparation of the first national concept note on Women's Economic Empowerment. The IC supported the GEC of the Parliament of Georgia by researching gender responsive public procurement practices and introduced the working group the idea of certification of women owned businesses, that is being actively discussed.

The IC cooperates with all the stakeholders, working on Gender Equality and Women's Economic Empowerment in Georgia to avoid duplication of efforts and conversely, fill perceived gaps in this area. As a result, GEWG has elaborated gender equality and women's economic empowerment workplan that focuses on following areas:

- Providing support on the policy and/or regulatory levels to the Institutional mechanisms on gender equality and main partners,
- Strengthening GEWG/partner private sector organizations through the capacity building and increased knowledge on impact investment and gender equality,
- Identification of new relevant targeted investment opportunities and markets that increase women's participation, on equal terms, in the economy and labour market, and
- Mainstreaming gender equality in the ICS working process and strengthening secretariat with gender specific knowledge.

The gender equality working group members introduced the declaration on gender equality for the IC member international financial organizations and business associations to formalize the member organization's commitment for gender equality and women's economic empowerment. The declaration has been signed by all the IC permanent and non-permanent members.

IC continues to work on new gender-related projects as well, concerning 1. Conducting Gender Impact Assessments of the Law of Georgia on Entrepreneurs and 2. Developing the Communication Strategy on Gender related issues.

Counterparty: Parliamentary Gender Equality Council, Parliament of Georgia, MoESD, MoJ

## **6. Green Economy Transition (GET)**

ICS aims at supporting green economy transition (GET) in Georgia to ensure development of resilient and low-carbon economy.

ICS has recruited Green Economy Transition Expert. In addition, draft Working Plan for GET related activities (for the period of October 2022 – March 2023) was developed. Moreover, ICS established a Green Economy Transition Working Group for rapid deployment of all planned activities.

Secretariat will continue supporting the GET process in Georgia, will ensure, that all activities in the work plan are accomplished. ICS will also actively work with the members of the GET Working Group on advancement of the existing plan.

#### GET Stakeholder Mapping

As a part of the Green Economy Transition, ICS has initiated Stakeholder Mapping to reveal all major players among the state institutions, private sector representatives, business associations, donor community, which are currently engaged in Green Economy related areas. ICS aims at identification of potential areas for cooperation and synergies, to avoid duplication of activities and ensure efficiency of the efforts.

For the purposes of Stakeholder Mapping, ICS has conducted series of meetings and discussions with the representatives of the government, private and public sectors. As a result, ICS agreed with all potential stakeholders on cooperation in Green Economy and Sustainable Development related fields.

ICS will continue the process of Stakeholder Mapping, to ensure that all newly revealed stakeholders are on board and all planned activities of the ICS are negotiated and thoroughly discussed.

#### Identification of Sustainable/Green Business Opportunity Areas

ICS, LEPL Enterprise Georgia (EG) and NNLE Rural Development Agency (RDA) discussed potential study to identify Sustainable/Green Business Opportunities. Representatives of State Institutions consider findings of the study to be extremely useful in elaboration of new State Support Scheme, solely oriented on development and support of Green Businesses in Georgia.

Study aims at identification of commercially viable business ideas with sustainability profile. Business opportunities will be selected from various sectors of Georgian economy, representing sub-sectors or branches that have the highest potential to address key structural economic challenges such as (1) job creation; (2) trade deficit; (3) unequal level of development among the regions of the country.

Overall objectives of the proposed task are: (1) elaboration of unified definition for Sustainable/Green Businesses in Georgia; (2) Identification and popularization of Sustainable/Green Business Opportunities in various sectors of country's economy; (3) assistance of EG and RDA in development of new schemes for supporting Sustainable/Green oriented SMEs or business ideas.

At this stage ICS is working on development of a preliminary Concept Note.

ICS will continue work on advancement of Sustainable Business ecosystem in Georgia. The plan for coming year is to finalize the concept note and develop the ToR for conducting the above-mentioned study.



Awareness Raising on GET Issues

Awareness raising on Green Economy related issues is among the top priority for the ICS's Green Economy Transition Working Group. ICS has successfully conducted the first awareness raising activities related to Sustainable/Green Financing and Sustainable Finance Taxonomy.

ICS will continue further exploration of new Awareness Raising approaches. ICS will work on development of dedicated educational courses for representatives of SMEs (primarily targeting financial managers of the companies).

Counterparty: MoESD, MEPA, EG, RDA, NBG